



JUN 7 2001

TO: Distribution

FROM: A/Administrator

SUBJECT: Agency Use of Undefined Contract Actions

As an Agency, NASA spends almost 90 percent of its annual budget through the procurement process. Many of these procurement actions support programs that are highly complex and dynamic, requiring that the contracts that support them provide flexibility to meet changing technical and schedule requirements. However, NASA's use of undefined contract actions (UCAs) to initiate changes to work prior to the negotiation of a finalized price is at an unacceptably high level. UCAs represent at-risk dollars for the Agency because of the increased potential for unanticipated cost growth. The longer these actions are undefined, the greater the risk. Agency policy is that UCAs be used only in exceptional circumstances and be limited to minimum urgent requirements.

During Congressional testimony on May 9th, I committed NASA to reducing Agency UCAs. To meet this commitment, I am requiring a reduction in Agency UCA dollars and actions by at least 50 percent over the next year. The number of actions undefined in excess of the 180-day goal shall be reduced by 90 percent. These goals are to be accomplished by March 30, 2002. As an interim goal, all actions aged in excess of 360 days shall be defined by September 30, 2001. Achieving these goals is not only a procurement office responsibility, but represents a NASA management responsibility for which all personnel involved in project management must be committed. The Office of Procurement will report to me periodically on metrics that will track each Center's performance in reducing UCAs.

I have directed Code H to develop additional controls on the UCA process that will ensure that UCAs are used sparingly and for minimum requirements. Additionally, guidance on Agency best practices for managing UCAs will be distributed to you through a separate Code H memorandum. The Code H point of contact for this matter is Jeff Lupis, and he can be reached at (202) 358-0462.

A handwritten signature in black ink, appearing to read "Daniel S. Goldin". The signature is fluid and cursive, with a large, sweeping initial "D".

Daniel S. Goldin